Competitiveness and Trade Costs: Trade Facilitation

Yann Duval,
Trade and Investment Division, ESCAP
Overview

• Introduction to trade costs and trade facilitation
• Main data sources (and limitations)
• Assessing the impact of TF on trade competitiveness: Gravity Modeling
  – ARTNeT Gravity Model
• Need to go deeper in TF analysis
  – WCO time release study, BPA...
Introduction to trade costs and trade facilitation
What is Trade Facilitation?

- No agreed upon definition
- “The plumbing of international trade” (Staples, 1998)
- “the simplification and harmonization of international trade procedures.”, where trade procedures are the “activities, practices and formalities involved in collecting, presenting, communicating and processing data required for the movement of goods in international trade.” (based on WTO documents)
- “Any measure, or set of measures, that aims to increase the cost-effectiveness of international trade transactions”.  
Trade facilitation essential to trade competitiveness

– Lower transaction costs
  - Lower costs related to preparation, submission and approval of documents; lower cost of clearance and transportation of goods

– Reduce average transaction time
  - Less waiting time at borders, faster clearance process and transportation → reduce need for financing, risk of spoilage...

– Increased timeliness
  - Because procedures and processes are rationalized and transparent, facilitation of just-in-time delivery

– Compliance with security initiatives in major export markets
  - E.g., need for detailed shipment of information prior to arrival
Economic Benefits

- Trade facilitation costs = 1 to 15% of landed cost of imported good
  - even if only 1%, OECD estimates total gains from TF improvements to world economy of US$40 billion
- A 1% reduction in the fees charged for maritime and air transport services → increase Asian GDP some US$3.3 billion. (UNCTAD, 2001)
- 1 day less in delivery times = 0.5% of landed cost of goods (Hummels, 2001)
- Each additional day of delay prior to shipment reduces trade by more than 1% (Djankov et al., 2006)
Effects of TF on GDP (narrow WTO definition)

Source: Walkenhorst, OECD
Trade Gains from TF (broad definition)

Figure 3. Trade Gains from Capacity Building in Trade Facilitation

Trade facilitation: making international trade transactions more efficient
INTERNATIONAL TRADE TRANSACTION PROCESS

BUY

SHIP

PAY

INvolves

Prepare For Export

Export

Transport

Prepare For Import

Import

Commercial Procedures

• Establish Contract
• Order Goods
• Advise On Delivery
• Request Payment

Transport Procedures

• Establish Transport Contract
• Collect, Transport and Deliver Goods
• Provide Waybills, Goods Receipts Status reports

Regulatory Procedures

• Obtain Import/Export Licences etc
• Provide Customs Declarations
• Provide Cargo Declaration
• Apply Trade Security Procedures
• Clear Goods for Export/Import

Financial Procedures

• Credit Rating
• Provide Insurance
• Provide Credit
• Execute Payment
• Issue Statements
Figure V. The three flows of international trade

Trade Facilitation and Trade Costs

Figure VIII. Estimated trade costs in industrialized countries

- Trade costs
  - Transport costs (21%)
    - Freight costs (11%)
    - Transit costs (9%)
  - Border-related trade barriers (44%)
    - Policy barriers (tariff and NTBs) (8%)
    - Language barrier (7%)
  - Retail and wholesale distribution costs (55%)
    - Currency barrier (14%)
    - Information costs barrier (6%)
    - Security barrier (3%)

Behind the Border business regulations can have similar or higher impact on trade competitiveness than trade-specific regulations or impediments.*

Trade Facilitation? Ask traders what their problems are...

Figure II. Most problematic areas in conducting trade in selected developing countries in Asia and the Pacific*

- Identification of origin of the goods
- Submission of documents for clearance
- Obtaining an import licence
- Payment of fees and penalties
- Technical or sanitary requirements
- Tariff classification
- Inspection and release of goods
- Customs valuation


* Based on exploratory private sector surveys in Bangladesh, China, Fiji, India, Indonesia and Nepal conducted in 2005.
Assessing the impact of TF on trade competitiveness: Gravity Modeling

ARTNeT Gravity Modeling Tool
Data and Tools for Trade Facilitation Research
Doing Business Dataset

- [www.doingbusiness.org](http://www.doingbusiness.org)
  - Cross-country performance ranking in 10 business regulatory areas
  - Trade-Across-Border ranking
    - Time (days) for import/export
    - Cost of import/export
    - Number of documents for import/export
  - Ok for cross-country comparative analysis
    - Now very commonly used, but...
    - Stringent assumption on type of shipment to ensure comparability
    - Quality of TF data questioned by some experts
How well are ESCAP members doing in trade facilitation?

*Landlocked countries (Afghanistan, Armenia, Azerbaijan, Bhutan, Kazakhstan, Kyrgyz Republic, Lao PDR, Mongolia, Nepal, Tajikistan and Uzbekistan) are excluded from subregional averages.
Source: Calculated based on data from Doing Business 2009, World Bank
Time for Export

Time for export (days: 07/08)

Source: Calculated based on data from Doing Business 2009, World Bank
Logistics Performance Index (LPI) Dataset

- LPI indicators
  - Efficiency of clearance process by Customs and other border control agencies;
  - Quality of Transport and IT infrastructure for logistics;
  - Ease and affordability of arranging shipments;
  - Competence in the local logistics industry (e.g., transport operators, customs brokers);
  - Ability to track and trace shipments;
  - Domestic logistics costs (e.g., local transportation, terminal handling, warehousing);
  - Timeliness of shipments in reaching destination.
- Also detailed perception survey data and indicators on domestic trade facilitation issues
## Logistics Performance Index

<table>
<thead>
<tr>
<th></th>
<th>Vietnam</th>
<th>East Asia &amp; Pacific</th>
<th>difference</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Overall LPI</strong></td>
<td>score</td>
<td>2.89</td>
<td>2.58</td>
</tr>
<tr>
<td></td>
<td>rank</td>
<td>53</td>
<td></td>
</tr>
<tr>
<td></td>
<td>conf</td>
<td>0.18</td>
<td></td>
</tr>
<tr>
<td><strong>Customs</strong></td>
<td>score</td>
<td>2.89</td>
<td>2.41</td>
</tr>
<tr>
<td></td>
<td>rank</td>
<td>37</td>
<td></td>
</tr>
<tr>
<td></td>
<td>conf</td>
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<td></td>
</tr>
<tr>
<td><strong>Infrastructure</strong></td>
<td>score</td>
<td>2.50</td>
<td>2.37</td>
</tr>
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<td></td>
<td>rank</td>
<td>60</td>
<td></td>
</tr>
<tr>
<td></td>
<td>conf</td>
<td>0.41</td>
<td></td>
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<tr>
<td><strong>International</strong></td>
<td>score</td>
<td>3</td>
<td>2.64</td>
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<td></td>
<td>rank</td>
<td>47</td>
<td></td>
</tr>
<tr>
<td></td>
<td>conf</td>
<td>0.39</td>
<td></td>
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<tr>
<td><strong>Logistics</strong></td>
<td>score</td>
<td>2.80</td>
<td>2.54</td>
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<td></td>
<td>rank</td>
<td>56</td>
<td></td>
</tr>
<tr>
<td></td>
<td>conf</td>
<td>0.46</td>
<td></td>
</tr>
<tr>
<td><strong>Tracking &amp; tracing</strong></td>
<td>score</td>
<td>2.90</td>
<td>2.53</td>
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<tr>
<td></td>
<td>rank</td>
<td>53</td>
<td></td>
</tr>
<tr>
<td></td>
<td>conf</td>
<td>0.46</td>
<td></td>
</tr>
<tr>
<td><strong>Domestic logistics costs</strong></td>
<td>score</td>
<td>3.30</td>
<td>3.04</td>
</tr>
<tr>
<td></td>
<td>rank</td>
<td>17</td>
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</tr>
<tr>
<td></td>
<td>conf</td>
<td>0.78</td>
<td></td>
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<tr>
<td><strong>Timeliness</strong></td>
<td>score</td>
<td>3.22</td>
<td>3.01</td>
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<td></td>
<td>rank</td>
<td>65</td>
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</tr>
<tr>
<td></td>
<td>conf</td>
<td>0.60</td>
<td></td>
</tr>
</tbody>
</table>

*The dashed line is showing the confidence interval.*
LPI (domestic – environment & institutions)

### Domestic LPI: country scorecard

Click [+] to display different values for your selected countries, click [-] to hide the details.

#### Logistics operational environment

Based on your experience in international logistics, please select the options that best describe the logistics operational environment in your country of work. Percent of respondents answering high/very high

<table>
<thead>
<tr>
<th>Factor</th>
<th>Vietnam</th>
</tr>
</thead>
<tbody>
<tr>
<td>Port/Airport charges are</td>
<td>7.69%</td>
</tr>
<tr>
<td>Overall, logistics costs (e.g. port charges, domestic transport, agent fees), are</td>
<td>23.08%</td>
</tr>
<tr>
<td>Warehousing service charges are</td>
<td>23.08%</td>
</tr>
<tr>
<td>Rail transport rates are</td>
<td>7.69%</td>
</tr>
<tr>
<td>Less than full truck load services rates are</td>
<td>30.77%</td>
</tr>
<tr>
<td>Full truck load rates are</td>
<td>23.08%</td>
</tr>
</tbody>
</table>

#### Quality of infrastructure

- Effectiveness and efficiency of processes
- Level of competence of professions
- Evolution of factors over the past 3 years
- Incidence on your activity of the following constraints in your country of work
LPI (Domestic – performance)

<table>
<thead>
<tr>
<th>Vietnam</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Rate of physical inspection (%)</td>
<td>0.14</td>
</tr>
<tr>
<td>Customs clearance (days)</td>
<td>1.45</td>
</tr>
<tr>
<td>Lead time export, median case (days)</td>
<td>2.77</td>
</tr>
<tr>
<td>Lead time import, best case (days)</td>
<td>2.63</td>
</tr>
<tr>
<td>Lead time import, median case (days)</td>
<td>3.95</td>
</tr>
<tr>
<td>Number of border agencies exports</td>
<td>4.54</td>
</tr>
<tr>
<td>Number of border agencies imports</td>
<td>4</td>
</tr>
<tr>
<td>Possibility of a review procedure (%)</td>
<td>0.57</td>
</tr>
<tr>
<td>Typical charge for a 40-foot export container or a semi-trailer (US$)</td>
<td>193.65</td>
</tr>
<tr>
<td>Typical charge for a 40-foot import container or a semi-trailer (US$)</td>
<td>293.70</td>
</tr>
</tbody>
</table>

Country-specific data is not available for all 150 countries in the index. Blank cells indicate no data available.
Timeliness
(likelihood of on‐schedule delivery)

Notes: *Developed ESCAP consists of Australia, Japan and New Zealand. **East and Northeast Asia average does not include Hong Kong, China. ***Southeast Asia average does not include Singapore. Source: Calculated based on data from the World Bank Logistic Performance Index (2007)
## Trade & Transport Facilitation in Sri Lanka: Current Status

<table>
<thead>
<tr>
<th>Country</th>
<th>Mean</th>
<th>Singapore</th>
<th>Bangladesh</th>
<th>India</th>
<th>Pakistan</th>
<th>Sri Lanka</th>
<th>Nepal</th>
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</thead>
<tbody>
<tr>
<td>Burden of Customs Procedure</td>
<td>3.9</td>
<td>6.4</td>
<td>2.3</td>
<td>3.6</td>
<td>3.4</td>
<td><strong>4.0</strong></td>
<td>2.5</td>
</tr>
<tr>
<td>Overall infrastructure quality</td>
<td>3.8</td>
<td>6.6</td>
<td>2.2</td>
<td>3.1</td>
<td>3.4</td>
<td><strong>3.3</strong></td>
<td>1.9</td>
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<tr>
<td>Road quality</td>
<td>3.7</td>
<td>6.6</td>
<td>3.1</td>
<td>3.1</td>
<td>3.6</td>
<td><strong>3.1</strong></td>
<td>3.1</td>
</tr>
<tr>
<td>Railroad infrastructure quality</td>
<td>2.9</td>
<td>5.7</td>
<td>2.3</td>
<td>4.5</td>
<td>3.2</td>
<td><strong>2.8</strong></td>
<td>1.3</td>
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<tr>
<td>Port infrastructure quality</td>
<td>4.0</td>
<td>6.8</td>
<td>2.4</td>
<td>3.5</td>
<td>3.7</td>
<td><strong>4.1</strong></td>
<td>3.0</td>
</tr>
<tr>
<td>Air transport infrastructure quality</td>
<td>4.6</td>
<td>6.9</td>
<td>3.0</td>
<td>4.8</td>
<td>4.2</td>
<td><strong>4.5</strong></td>
<td>3.4</td>
</tr>
<tr>
<td>Transparency of government policymaking</td>
<td>4.1</td>
<td>6.1</td>
<td>3.5</td>
<td>4.4</td>
<td>3.5</td>
<td><strong>4.0</strong></td>
<td>3.2</td>
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<tr>
<td>Global Competitiveness Index (Rank)</td>
<td><strong>-</strong></td>
<td>7</td>
<td>107</td>
<td>48</td>
<td>92</td>
<td><strong>70</strong></td>
<td>114</td>
</tr>
</tbody>
</table>
Business Cost of Corruption

Note: Score based on the questionnaire on whether illegal payments influence government policies, laws or regulations and impose costs or otherwise negatively affect their companies (1 = yes, they have a significant negative impact, 7 = no, they have no impact)

Source: Global Competitiveness Report 2007-2008
Note: Score based on the questionnaire on Port facilities and inland waterways in a country are (1 = underdeveloped, 7 = as developed as world's best). For landlocked countries, this measures the ease of access to port facilities and inland waterways.

Source: Global Competitiveness Report 2007-2008
Assessing trade facilitation impact on trade competitiveness through gravity modeling
What is regression analysis?

Given 6 observations on imports and income. What is their relationship?

\[ y = a + bx + u \]
The Gravity Model

- Based on Newton’s law of gravity
  - Gravity depends on mass of two objects and their distance
- Trade between two countries depends on:
  - Size of the two countries (GDP)
  - Distance between the two countries
- Intuitive model, only recently linked to economic theory
- It works! GDP and Distance typically explain more than 60% of changes in bilateral trade flows across years and country pairs
ARTNeT Gravity Modeling Tool

- www.artnetontrade.org → “resources for researchers”

- Key features
  - Ready-to-use gravity datasets (regional)
  - Online regression analysis interface
    - OLS; fixed effects possible
  - Simulation interface
    - Use regression results to estimate impact of a change in one variable on trade (import or export)
ARTNeT Gravity Modeling Tool

ARTNeT Gravity Modeling Datasets

1. ARTNeT Data on Trade (1994 - 2007)
   Summary: (Year: 1994 - 2007) - Basic Gravity Panel Dataset - Recommended use for estimation of TRADE POTENTIALS
   Use this data

2. ARTNeT Data on Trade Facilitation (2006)
   Summary: Year 2006; include trade facilitation and behind-the-border regulatory indicators
   Use this data
ARTNeT Gravity Modeling Tool

**Regression Statistics**

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
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<tbody>
<tr>
<td>R Square</td>
<td>0.789881</td>
</tr>
<tr>
<td>Adjusted R Square</td>
<td>0.789436</td>
</tr>
<tr>
<td>Standard Error</td>
<td>1.557248</td>
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<tr>
<td>Observations</td>
<td>2371</td>
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</table>

**ANOVA**

<table>
<thead>
<tr>
<th></th>
<th>DF</th>
<th>Sum of Squares</th>
<th>Mean Square</th>
<th>F</th>
<th>Significance F</th>
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<tbody>
<tr>
<td>Regression</td>
<td>5</td>
<td>21559.677732</td>
<td>4311.935546</td>
<td>1778.101125&lt;sup&gt;1&lt;/sup&gt;</td>
<td>0</td>
</tr>
<tr>
<td>Residual</td>
<td>2365</td>
<td>573.1578625</td>
<td>2.425023</td>
<td></td>
<td></td>
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<tr>
<td>Total</td>
<td>2370</td>
<td>22132.856357</td>
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</table>

**Parameters**

<table>
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<tr>
<th>Name</th>
<th>Coefficients</th>
<th>Standard Error</th>
<th>t-statistic</th>
<th>P-value</th>
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<tbody>
<tr>
<td>(Intercept)</td>
<td>-19.17728</td>
<td>0.717618</td>
<td>-26.723518</td>
<td>0</td>
</tr>
<tr>
<td>ln_distance</td>
<td>-1.18283</td>
<td>0.034533</td>
<td>-34.252560</td>
<td>0</td>
</tr>
<tr>
<td>ln_gdp_rep_000usd</td>
<td>1.15046</td>
<td>0.019068</td>
<td>60.333084</td>
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<tr>
<td>ln_gdp_par_000usd</td>
<td>1.05579</td>
<td>0.019654</td>
<td>53.719369</td>
<td>0</td>
</tr>
<tr>
<td>ln_docs_imp_rep</td>
<td>-0.07583</td>
<td>0.104186</td>
<td>-0.727861</td>
<td>0.466766512834</td>
</tr>
<tr>
<td>ln_docs_exp_par</td>
<td>-0.28708</td>
<td>0.122388</td>
<td>-2.345652</td>
<td>0.019076048149</td>
</tr>
</tbody>
</table>

---

This regression model is based on:
- **Reporters**: All countries
- **Partner**: All countries
- **Year**: All

Residual Output

Total observations: 2371
ARTNeT Gravity Modeling Tool

- Current limitations of online interface
  - OLS only
  - Fixed effects only (no random effects)
  - for advanced work and robustness check, need to use specialized stat. sofware (e.g., STATA...)

- Future developments
  - Add more datasets
  - Add Tutorial and enhance help function
  - Add graphical interface for simulation
Application: What is the impact of trade and business facilitation policies on trade?

- Extended Gravity model
  - \( IMPi_j = f(GDP_i, GDP_j, Dist_{ij}, Tariff_i, IMPCOST_i, EXPCOST_j, BFR_i, BFR_j) \)
    - IMPCOST\(_i\) = import costs in country \( i \)
    - EXPCOST\(_j\) = export costs in country \( j \)
    - BFR = Average country rank in Doing Business areas other than Trading Across Border
    - Landlockedness, common border and language dummies added

- Dataset
  - North/Northeast/South/Southeast Asia + OECD and BRIICS
  - 1 Year: 2006
## Preliminary Results

IMPORT explained by:  

<table>
<thead>
<tr>
<th>Variable</th>
<th>Baseline</th>
<th>Model 2</th>
<th>Model 3</th>
</tr>
</thead>
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<tr>
<td>landlockedness(12)</td>
<td>-0.453***</td>
<td>-0.409***</td>
<td>-0.534***</td>
</tr>
<tr>
<td>distance</td>
<td>-1.006***</td>
<td>-1.078***</td>
<td>-1.029***</td>
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<tr>
<td>GDP importer (nomgdp1)</td>
<td>0.947***</td>
<td>0.949***</td>
<td>0.837***</td>
</tr>
<tr>
<td>GDP exporter (nomgdp2)</td>
<td>1.142***</td>
<td>1.140***</td>
<td>1.015***</td>
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<tr>
<td>Tariff (effective, weighted)</td>
<td>-2.744***</td>
<td>-0.842</td>
<td>0.521</td>
</tr>
<tr>
<td>Trade cost - importer (costi1)</td>
<td>-0.424***</td>
<td>-0.322***</td>
<td>-0.292***</td>
</tr>
<tr>
<td>Trade cost - exporter (coste2)</td>
<td>-0.975***</td>
<td>-0.832***</td>
<td>-0.841***</td>
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<tr>
<td>Business facilitation rank - importer (edbwcbi1)</td>
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<td></td>
<td>-0.414***</td>
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<tr>
<td>Business facilitation rank - exporter (edbwcbi2)</td>
<td></td>
<td></td>
<td>-0.372***</td>
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<tr>
<td>Ease of getting credit - importer (credit info)</td>
<td></td>
<td>1.107***</td>
<td></td>
</tr>
<tr>
<td>Protection of investors - importer (disclosure)</td>
<td></td>
<td>0.122</td>
<td></td>
</tr>
<tr>
<td>Contract enforcement - importer (no. of steps)</td>
<td></td>
<td>-1.260***</td>
<td></td>
</tr>
<tr>
<td>Ease of getting credit - exporter (credit info)</td>
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<td>0.486**</td>
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<tr>
<td>Protection of investors - exporter (disclosure)</td>
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<td>0.271***</td>
<td></td>
</tr>
<tr>
<td>Contract enforcement - exporter (no. of steps)</td>
<td></td>
<td>-1.432***</td>
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<table>
<thead>
<tr>
<th>Observations</th>
<th>1314</th>
<th>1314</th>
<th>1069</th>
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<tbody>
<tr>
<td>R-squared</td>
<td>0.817</td>
<td>0.828</td>
<td>0.846</td>
</tr>
</tbody>
</table>

*** p<0.01, ** p<0.05, * p<0.1
Need to go deeper in TF analysis

WCO time release study, Business Process Analysis...
Trade facilitation Needs and Priorities Assessment Tools

- WTO TF Negotiations related tools
  - WCO self-assessment questionnaire
  - ARTNeT private sector needs and priority questionnaire
  - WTO needs and priority assessment methodology

- World Bank Audit Toolkit
  - Includes survey instruments for various stakeholders

- Others:
  - Questionnaire for examining “impact of ICT-based trade facilitation measures on SMEs”
  - Trade finance (ITC survey)
  - WCO time release study methodology
  - ESCAP time/cost distance model
WCO Time Release Study Methodology

• Systematic and standard system to measure average time between arrival of goods and its release

• Two ways: manual (Japan) and automatic (Korea)

  • First TRS by Japan and US (1991)
  • TRS was adopted by WCO (1994)
  • TRS Guideline updated by WCO (2002)
  • TRS Software developed by WCO and the World Bank (2005)

→ Useful to identify bottlenecks/problems in clearance
Coverage of TRS

Time Consumed by
Shipping company
Shipping agent
Port Authority, etc.

Consumed by
Importer,
Customs broker
Container Yard
OGAs, etc.

Consumed by
Customs Bank
Customs broker

Consumed by
Port Authority
Container Yard
Warehouse, Forwarder, etc.

Ship Arrival
Unloading
Declaration
Permission
Delivery
The Bottlenecks are not always where we think they are...

Changes in Time Required: Japan (Sea Cargoes)

Source: Customs and Tariff Bureau, MOF, Japan and Florian Alburo, June 2005

Arrival of Cargo to Delivery to Customs Area

Delivery to Customs Area to Filing Declaration

Filing Declaration to Release of Goods (permission)
Useful TF research? → End-to-End International Business Process Analysis

• Information of interest from a TF perspective
  – Description of each step in the process (responsibilities and entities involved at each step)
  – Time breakdown of each steps in the process
  – Cost breakdown of each step in the process

• Getting started
  – Select a sector/industry or even a single product
  – Secure involvement of the relevant private sector institution or company; map the various processes involved from (e.g.,) signing a contract with a foreign buyer to ... (ideally) receipt of goods by the buyer

• End goal: identification of bottlenecks and specific recommendations on how to “re-engineer” the processes
Business processes to identify documents in the information flow can be done using **UN/CEFACT Modeling Methodology (UMM)**.

**UMM: Business Domain View**

**UMM: Business Requirement View**
About 24 documents (~700 data elements) and 15 parties involved in exporting Rice from Thailand*

1. Purchase Order
2. Proforma Invoice
3. Commercial Invoice
4. Letter of Credit
5. Packing List
6. Application for the Rice Export Permit (A. 3)
7. Rice Export Permit (A. 4)
8. Application for Certificate of Standards of Product (MS. 13/1)
9. Certificate of Product
10. Certificate of Standards of Products (MS. 24)
11. Application for Phyto-sanitary Certificate (PQ. 9)
12. Booking Request Form – Border Crossing
13. Booking Confirmation – Border Crossing
14. Container Loading List
15. Outward Container List
16. TKT 308.2
17. Equipment Interchange Report (EIR)
18. Export Declaration
19. Manifest
20. Shipping Particular
21. Bill of Lading
22. Health Certificate
23. Certificate of Origin
24. Phyto-sanitary Certificate

*Data collected by Institute for IT Innovation, Kasetsart University (2007)
Time & Procedures required for exporting Rice*

1. Conclude sales contract and trade terms
2. Have product sampled and technically examined
3. Arrange transport
4. Prepare export permit
5. Apply for cargo insurance
6. Prepare and submit customs declaration
7. Stuff container and transfer it to port of departure
8. Clear goods through customs
9. Handle container at terminal and stow it on vessel
10. Prepare documents required by importer as listed in L/C
11. Claim payment of goods

Total = 22 Days (by ship)

*Data collected by Institute for IT Innovation, Kasetsart University (2007)
Exportation of Frozen Shrimp (time-procedure chart)*

*Data collected by Institute for IT Innovation, Kasetsart University (2007)
Concluding remarks

- Trade-related procedures and processes clearly important for trade competitiveness
- ...And still much scope for TF in the region
- TF research should involve “on the ground” both public and private sector actors
  - TF research is resource intensive → focus needed for relevant results
- Many issues of interest
  - For LDCs, progress on TF may be linked to Aid for Trade → need some analysis in this area
Preliminary notes on AfT and trade facilitation research

Aid for Trade data sources

- tcbdb.wto.org

- AfT data grouped in three areas:
  - Trade policy and regulations
  - Trade development
  - Infrastructure

- Completeness and updating of data issue
Research on Aid for Trade (Facilitation)

- Compile the on-going and proposed trade facilitation related projects
- Assess progress of existing projects
  - Private and public sector views (survey and interviews)
- Identify gaps and develop options for integrated aid for trade facilitation management
  - Focus group
- Develop monitoring systems / key performance indicators
  - Multi-year monitoring needed
Aid for trade facilitation (narrow definition) has grown fastest, but a comprehensive approach to Aid for Trade needed.
Preliminary notes on AfT and trade facilitation research

Trade Impact of Aid for Trade

- Extension of gravity model using AfT indicators
  - Preliminary results by WB suggest that highest return is from “trade policy and regulations” AfT

*Based on estimates in Helble, Mann, Wilson (2009)
Trade Impact of Aid for Trade

– But... probably important to disaggregate by country groups → hypothesis to be verified:
  • LDCs: poor trade performer, but recipient of more “trade development” and “infrastructure” AfT
  • Higher low and middle income countries: good trade performer, recipient of relatively more “trade policy and regulations” AfT
The END
Export of chilled and frozen tuna from South Australia to markets in Japan

Chilled:
- Packaging and cold storage
- Road freight to port
- Cold storage and loading
- Air freight to Japan
- Customs clearance in Australia
- Loading and processing on ship
- Sea freight to Japan

Frozen:
- Road freight to airport
- Customs clearance in Japan

Export of chilled and frozen tuna from South Australia to markets in Japan